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The Honorable Edward H. Rees
Chairman, Committee on Post
Office & Civil Service
U. S. House of Representatives
Washington 25, D. C.

Dear Mr. Chairman:

I have reviewed S. 2665, as reported by your Committee, and find that Title III (Federal Employees' Incentive Awards) of the bill raises one problem for this Agency which I would like to call to your attention.

In Section 303(b), the bill provides that the Civil Service Commission "shall inspect and review the operation of the incentive awards plans in the departments." This right of inspection and review is mandatory for the Commission, and therefore raises the same security problems for CIA as were raised by a similar provision in the Performance Rating Act of 1950. These problems concerning the Performance Rating Act were set forth in our letter to you of 5 June 1954 and have been met by Section 602(a) of S. 2665, as reported by your Committee.

The Central Intelligence Agency desires to have an incentive awards plan, and therefore does not desire complete exemption from Title III of S. 2665. It is felt that our particular problem could be met by the inclusion of the following proviso in Section 303(b) of S. 2665, as reported:

"Provided, That the Director of Central Intelligence is authorized to establish an incentive awards plan under this Title without inspection and review of its operation by the Commission."

I have discussed this matter both with the Civil Service Commission and Chairman Carlson, and have been assured that they would have no objection to such a provision being included in Title III if the House version is adopted. The original Senate provision for employees' incentive awards did not require the proviso as it does not include the inspection provision for the Commission.

In view of the above, it would be most helpful if you were to insert the suggested proviso into the bill at an appropriate moment -- either on the Floor or in Conference, unless the House accepts the Senate version of Title III.

With kindest regards, I am

Sincerely yours,

Walter L. Pforzheimer
Legislative Counsel

OGC:WLP/blc
Orig. & 1 - Addressee
1 - DD/A ✓
1 - AD/Personnel
2 - Signer

1 - James Hyde, Bur. of Budget